



JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON JUSTICE AND PUBLIC SAFETY

March 13, 2014

Room 643 of the Legislative Office Building

The Joint Legislative Oversight Committee on Justice and Public Safety met on Thursday, March 13, 2014 at 1:00 PM. The meeting was held in Room 643 of the Legislative Office Building. Members present were: Representatives Boles, Burr, Daughtry, Faircloth, Hurley, McNeill, Mobley, Stevens, Turner, Dobson, Jordan, Speciale; Senators Allran, Bryant, Daniel, Goolsby, Newton, Randleman and Woodard.

The following staff members were present: Joseph Kyzer and Debbie Holder, committee clerks; Kristine Leggett, John Poteat, William Childs and Lisa Fox, Fiscal Research Division; Hal Pell, Susan Sitze, Brenda Carter and Kelly Quick, Research Division; Emily Johnson, Legislative Drafting Division.

Senator Thom Goolsby presided and called the meeting to order at 1:03 PM. Chairman Goolsby said there was a lot on the agenda today and he encouraged audience members to listen to the live stream of the committee online. He recognized the Sergeant's at Arms and told attendees to call on them if they need any help or materials to proceed with the meeting. He took a motion from Rep. McNeil to approve the minutes from last committee and Rep. Stevens seconded the motion. The vote to approve the minutes was passed by a voice vote. Chairman Goolsby clarified that the committee did not meet last month because of snow. He recognized John Poteat from the Fiscal Research Division to give a follow-up summary to questions raised in the last committee meeting. (See Attachment 1 for a copy of this presentation).

Chairman Goolsby recognized Rep. Mobley for a question to begin committee discussion:

Rep. Mobley: Yes, thank you Mr. Chairman. With regard to the last question, number five, with regard to applications being made online and people having to go there and apply, are the applicants notified or kept abreast of what the status is of a particular job?

John Poteat: So, Rep. Mobley, in terms of how the interface works, there is sort of a series of modules. Once you've applied for a job, then you're notified your application has been accepted. There are a series of sort of triggering emails that keep people abreast of how the



screening process works. In some ways it depends on different agencies but there is an interface between the applicant and the hiring authority.

Rep. Mobley: If there is no information received by the applicant, can they go in and ask questions or do some sort of follow-up on the status of their application or the status of the position?

John Poteat: Rep. Mobley, I'll need to sort of do some more follow-up. I've used the neo-gov system in doing some recruitment for the Fiscal Research Division, but that's a much smaller pool of applicants than the Department of Public Safety would have or something like that. I'll follow-up with them about exactly how that process works.

Sen. Bryant: I just wanted to add some concern in terms of experience working with folks who are using it. It's a wonderful system for the recruitment and application process, but the response to the applicants has been spotty. That depends on someone in the agency updating, giving some kind of input into the system. Some people can go in and see if a job has been filled or not and get a response but some people never get a response. So, it's been spotty, but anything you can ask about that or how it might be improved would help the overall usefulness.

Sen. Goolsby thanked John Poteat and said he overlooked the introductory remarks from the chairs. He recognized Rep. Boles, who thanked the State Crime Lab for setting up a tour the day before and recognized a member of his church youth group. Next Chairman Goolsby recognized Rep. Hurley. Rep. Hurley reminded members and attendees that there is one more tour next month and she encourages them to attend. She said it helps the committee members do their jobs better.

Next Chairman Goolsby recognized Susan Katznelson, Executive Director of the Sentencing and Policy Advisory Commission for a presentation. (See Attachment 2 for a copy of this presentation).

Chairman Goolsby recognized Rep. Dobson to begin committee discussion:

Rep. Dobson: Thank you Mr. Chairman. One quick question on the projections that are going down. Is that true for all custody levels, admissions. For instance those that might be admitted to close custody, are they going down as fast or at the same level as those in minimum custody? I know close custody has offenders that are the most expensive inmates. Is it going down for all custody levels?



Ms. Katznelson: I can partially answer it, and the department wants to be recognized they might be better. Only the initial offensive conviction would give us any hint as to their custody level. And the violent crimes have decreased so I wouldn't assume that there is a bigger portion of violent offenders who would have the maximum custody. But the department works with them and assesses them when they come in and then they step them in that. So I don't know the final combination. I do remember years when there were mostly short on minimum beds, so that I guess is an equal charge for them is the gender and age composition, not just the level. All we can look at is what is the most serious crime they were convicted for. And that hasn't, I don't think the inner composition changed that much.

Rep. Dobson: Thanks for that, that does answer my question. I just wanted to, as we go forward, the close custody beds again are the most expensive and the projections are that we're going to need to build more of those close custody beds. I wanted to know if it was that way across the board, so thank you.

Chairman Goolsby asked if someone from the Department of Public Safety would like to respond to the question from Rep. Dobson, and requested they state their name and position. Tim Moose, Deputy Commissioner of Adult Corrections and Juvenile Justice, and Nicole Sullivan from the Department of Public Safety, responded:

Mr. Moose: Most offenders when they come into the system, come in at either the medium custody or close custody level and they have to work their way down the system based on their behavior. There is not a decline in close custody, because one of the principles of structured sentencing is that worse, more violent offenders stay in the system longer. Those beds are usually maintained close to capacity.

Chairman Goolsby thanked Mr. Moose and recognized Rep. Dobson for a follow-up question:

Rep. Dobson: Do you anticipate more beds being needed at the close custody level going forward?

Ms. Sullivan: That's a good question, at this point we haven't done our custody projections to know the answer for that. Typically the majority of the population, when we look at our projections, are going to be in minimum custody because again those longer term inmates have worked their way down. So by proportion, the vast majority of those inmates are sitting in medium or minimum custody and the close custody group is a smaller proportion of our beds.



That's what our custody projections will tell us – what's the direction and needs of beds and at this point I don't have that report completed based on the most recent population projections.

Chairman Goolsby thanked the speakers and said the next item on the agenda is a Department of Public Safety (DPS) motor fleet update from Dee Jones, Chief Operating Officer at the Department of Administration. (See Attachment 3 for a copy of this presentation).

Chairman Goolsby thanked Ms. Jones and recognized Sen. Newton to begin committee discussion:

Sen. Newton: Thank you Mr. Chairman. Can you give us a little more specifics about how these vehicles in DPS are going to be spread? I heard probation officers, where else are they going?

Ms. Jones: The new vehicles?

Sen. Newton: Yes.

Ms. Jones: I may refer to DPS to respond to that question.

Chairman Goolsby requested someone from DPS respond to the inquiry and state their name and position with the department. Lorrie Dollar, Commissioner for Administration with the Department of Public Safety responded:

Ms. Dollar: With respect to the fleet order that has been placed, we are looking at putting approximately 281 of those vehicles in our community corrections officer staff. 260 will go to prisons, 99 will go to juvenile justice, including court service counselor positions as well as some with the YDCs (youth detention centers) and other areas. 19 will be with probation/parole, 21 with emergency management, 5 with National Guard, 4 with correctional enterprise, 3 with the Division of Adult Corrections, and a miscellaneous number of 10 that were on the current assignment listing from the Department of Administration motor fleet management printout as to vehicles the currently had that exceeded the mileage guidelines for the year.

Sen. Newton: Are none of them for the highway patrol?

Ms. Dollar: Highway patrol has the authority by statute to acquire their own fleet and they have a separate order. So this particular order and issue is not inclusive of highway patrol.

Rep. Boles: How many have they (the highway patrol) ordered this year?



Chairman Goolsby recognized Billy Clayton from the North Carolina Highway Patrol to respond to Rep. Boles' question:

Mr. Clayton: Representative, we've ordered 249 vehicles this year. I'm sorry, 349.

Rep. Boles: It's just a decimal.

Sen. Bryant: I was just wondering if we could get that list she read?

Sen. Goolsby: Yes, Kristine has already asked for it and we will see to it that it is emailed to all the committee members. Thank you.

Rep. McNeill: My question is this – I see on the chart that DPS got 702 vehicles and then you're ordering 277 more. That's 979 vehicles. How big is their fleet? How much did this replace, half of their fleet? A third of it? It may be a question for DPS, but they're getting almost a thousand vehicles so I'm just wondering how many they have.

Ms. Jones: If I'm not mistaken, the fleet we managed for DPS is around 2800 vehicles. So it's a substantial portion, maybe a third of the fleet. If I'm way off, maybe the DPS folks could respond to that. But I think that's pretty close.

Rep. Burr: Just looking at the letter from Mr. Pope, and it looks like these 277 vehicles that he has authorized to be going to Government Operations, that they're using lap salaries for that. Since they're putting in additional money, are they then going to turn around and lease these vehicles from you all? Are they going to have to pay some sort of leasing fee after they're buying them directly with their own appropriations? Or how's that going to work?

Ms. Jones: Certainly, the motor fleet program and charter is actually to prepare for replacement going forward. So yes, in fact the upfront cost needs to be appropriated and/or funded in some way. And then through the lease, call it a leasing fee or a rental fee or whatever, is the mechanism for which we charge for insurance, for repair and maintenance, and ultimately for the replacement again.

Rep. Burr: Is there one flat fee, are there different levels of leasing arrangements that are made, and how's that going to work for those vehicles?

Ms. Jones: Yes, there's a fee basically on the type of vehicle.



Rep. Burr: Where will they stand with those vehicles, are they going to be paying the maximum fee or what will they be paying?

Ms. Jones: Again it's more tiered on the type of vehicle, so for example a Dodge Charger has a higher rental fee because the repair costs are higher. The Chevy Impala will have a lower fee because it has slightly lower repair costs, lower depreciation costs and the initial cost of the vehicle is lower.

Rep. Burr: So they are paying this lease fee and you're saying it will ultimately help replace the car. This fee, has DOA's motor fleet put a policy in place so that when DPS is paying this fee, that that money is going to replace the vehicles for DPS, for their vehicles, or is it still all going, all the money from the different agencies going into one big pot, and then it's basically being placed wherever you so choose versus making sure it stays within that particular agency. Is it going into an individual account for DPS?

Ms. Jones: Currently that answer would be no, it's going into a pool of funds and it will be managed again as the greatest need arises, with the largest portion of our funds and vehicle population being owned by DPS, then naturally they would get the largest amount of vehicle replacement money out of that fund. Provided no other circumstances remove money out of that fund.

Rep. Faircloth: Thank you Mr. Chairman. With regard to the warranties on typical sedans, not a highway patrol vehicle but a typical sedan, do we negotiate for a better warranty or do we accept the straightforward factory warranty?

Ms. Jones: I'm afraid I don't know the answer to that question, but I can find out.

Rep. Faircloth: I think that might be important to us. We're working toward a point at which we can use a car until the warranty is complete and then get rid of it, which I think is the best way. It would be good if we could negotiate for the best warranty we can get for the higher number of miles. So if you could get anything back on that I would appreciate it.

Ms. Jones: Certainly.

Rep. Hurley: My question is about mileage. Some of the departments use more than others. Do you ever switch those out, to give a probation person with a lot of miles on theirs, with somebody maybe from the prison who doesn't use it as much? Do you ever do that?



Ms. Jones: Thank you. We actually rely on the agency fleet coordinators to make those decisions and they can within our process.

Rep. Burr: Just looking, and maybe it's on here and I missed something. With what you will be appropriating, what does that leave in motor fleet's account? I'm trying to remember, what was the total dollar amount you said motor fleet was holding onto in December? You were over \$30 million I believe, what's the last after you appropriated?

Ms. Jones: On slide 4, it's \$10 million or about 4 months of operating expenses.

Rep. Burr: Thank you.

Hearing no further questions or discussion, Chairman Goolsby thanked Ms. Jones and said the next agenda item was a report from the Administrative Office of the Courts (AOC) on compensation of court reporters. He recognized William Childs from the Fiscal Research Division and said Mildred Spearman, Legislative Liaison for AOC, would present second. (See Attachments 4 and 5 for copies of these presentations).

Chairman Goolsby asked Ms. Spearman a question during her presentation:

Chairman Goolsby: Ms. Spearman, can you give us a reason for that second recommendation?

Ms. Spearman: Again, it was a national center report, and I think they spoke with focus groups. There was a lot of frustration about the fact that sometimes digital records might have gaps, and sometimes it's difficult to come together and agree on a record that could actually be used on appeal. So, I think there are concerns about the digital recording and I don't know if it's specifically the digital recording that we currently use and if we have better digital recording would this be an issue. I think it primarily goes to the lack of faith in our current digital recording system.

Chairman Goolsby: Yes, my thought was that you would need to address recommendation one before you moved your working group to recommendation two. If it could be solved as apparently Utah has done with recommendation one in the proper kind of digital recording equipment, would obviate the need for recommendation two. Thank you.

Ms. Spearman continued her presentation until Chairman Goolsby recognized Sen. Bryant for a question:



Sen. Bryant: Not being a member of the standing committee on JPS, I'm lost about how the per page rate process occurs. So if you could just explain the per page rate and how it works and what is the consequence of change and where are we now. I think maybe we could all understand that.

Chairman Goolsby recognized Mr. Childs from the Fiscal Research Division to explain the process to the committee.

Mr. Childs: Thank you Mr. Chair, the current per page rate is \$1.25 per page, or \$1.50 if the transcript needs to be expedited. In cases that don't involve indigent defendants, this would be paid by AOC, usually through the district attorney's office. In cases that do involve indigent defendants, the cost is split with two-thirds of the cost going to IDS (Indigent Defense Services) and one-third coming from AOC. On the fact sheet I included in the packet there is information in the bottom paragraph about the amount that was spent last year on transcripts and the amount that is projected to be spent this year.

Sen. Bryant: So this is paid directly to court reporters?

Mr. Childs: Yes ma'am, this is paid outside, yes.

Sen. Bryant: Do we track this in any way, or is just a part of their private business or is it tracked as part of their salary? How is this managed?

Chairman Goolsby: It has not been tracked in the past.

Ms. Spearman: We do know how much we pay when the state asks for a transcript. When a private party asks for a transcript, we don't know what is paid between that private party and the court reporter.

Chairman Goolsby: And that's a state court reporter.

Ms. Spearman: If the state is paying, we do know.

Sen. Bryant: So the private pay would be on the civil side of things?

Ms. Spearman: No, it could be in any case.

Rep. Boles: Thank you, I have the same concerns you have. I was invited to Robinson County to learn about their court reporters, so I did have this conversation. I said I know what the state



is paying, what are you getting paid per page? The whole room kind of changed, and they're getting \$5 a page.

Chairman Goolsby: Those are the state employee court reporters when they do private work after taking the transcripts working for the state.

Rep. Boles: So I asked if there is a standard of what AOC does, and they said no it's an individual rate of what they charge.

Ms. Spearman continued her presentation. When she finished, Chairman Goolsby recognized Rep. Stevens to continue committee discussion:

Rep. Stevens: Thank you Mr. Chair. How does this compare to the two year report that the National Court Reporting Association did? Did anybody look at that white paper they did where they studied it for two years?

Ms. Spearman: I'm sorry, I'm not familiar with the report, but I can follow-up with you after the meeting.

Rep. Boles: Page three, where you talk about the compensation structure, has the approximate salary of an average reporter at \$53,000. Does that include the benefits?

Ms. Spearman: I am not sure, but I will get that information from staff.

Mr. Childs: The \$53,000 is either a median or a mean average. That would not include benefits, that would be just strict compensation.

Chairman Goolsby: So that's \$53,000 exclusive of benefits.

Rep. Boles: And, Mr. Childs, the average benefit is around \$10,000 or \$12,000?

Mr. Childs: That one I would have to look at, but I could get back to you in a few minutes. I can call that up.

Rep. Boles: Just clarification also, I did talk to some court reporters and I understand where they're coming from. And I do agree with the need for court reporters after hearing a couple of superior court judges who were also in that meeting thought a lot of the digital recordings were not as clear to them when they played it back, especially in the parental trials. And I think the court reporters have a more accurate recording of what goes on. But I know that there was the



concern of the private parties, as far as the rate, there is no statewide structure or whatever. She admitted there was \$5, in another county it could have been \$6 or \$4. So I guess my question is when they do the court reporting at the mostly civil, is it Monday through Friday 9-5 when they're on state time? Or is this at night, on Saturdays, on private time?

Ms. Spearman: I think that they are allowed to work on transcripts when they are not in court. So they can work on transcripts during the day.

Rep. Boles: The actual depositions, is that what you're talking about? Trial testimony?

Ms. Spearman: No, I'm not talking about private depositions. They can't do that during the day.

Chairman Goolsby: Do we have an answer William?

Mr. Childs: I don't have an answer for the current year. In 2012 the average for court reporter compensation was \$47,772 and AOC estimated at that point there would be recurring costs of \$22,957 on top of that for salaries, benefits and supporting costs related to offices, travel, that sort of thing.

Chairman Goolsby: So that's \$22,000 on top of the \$53,000?

Mr. Childs: Yes sir.

Chairman Goolsby: But I do understand that our court reporters are required to have their own equipment. They have to personally put forward their own equipment.

Chairman Goolsby called on Rep. Hurley to continue the committee discussion:

Rep. Hurley: On page 14, recommendation number 5, I do know having worked in the clerk of courts office that training courtroom clerks and other appropriate personnel to set up, operate and monitor the equipment when they don't have time and their work thing right now is horrible. Then you would have to pay another salary evidently to get another clerk. I think we really need to consider keeping the reporters.

Chairman Goolsby: Well, our court reporters are hardworking folks and the records, particularly in a criminal case, are extremely important. Not having a record and having to redo a trial is a great expense to the state.



Chairman Goolsby called on Sen. Newton to continue the committee discussion:

Sen. Newton: Thank you Mr. Chairman. I don't mean to rain on anybody's parade, I appreciate the report, I think it provides us some useful information, but I think it also begs a lot of questions. First off, I'd like to ask if staff and AOC could report more specifically on the all-digital system that they use in Utah and how they're able to make it work out there. I think that would be helpful to us as we move forward into the 21st Century.

Chairman Goolsby: We will direct our own staff, would that be William who would handle that? Getting the committee information on the state of Utah's all digital system. Thank you William. And if AOC could help us with the information they've gleaned from the NCSC specifically with Utah.

Sen. Newton: Thank you Mr. Chairman. And I'd like to ask, Ms. Spearman, I'm sure you're familiar with the report that y'all have issued and provided to us about the amount of time that superior court judges are averaging on the bench these days? Am I correct that that would be fair to say it is 10 hours or less a week on average?

Ms. Spearman: I don't know that that would be fair to say sir.

Sen. Newton: I think the last report we had, it was less than 10 hours I was trying to be generous. Maybe somebody, Mr. Childs or somebody could help us out.

Mr. Childs: Yes sir, we found less than 10 hours. That does caution that some of that data may need to be massaged further.

Chairman Goolsby: I believe the additional time Sen. Newton if I remember correctly was time that the judges spent back in chambers. But I believe that the reported time was around eight to eight-and-a-half hours depending on if it was a special superior court judge or elected superior court judge. And I believe the off numbers dealt with additional time the judges met with parties outside the presence of the public in chambers, in camera and also reading motions and doing all that kind of work and writing orders.

Sen. Newton: The reason I ask that question is because, as a trial attorney who has ordered many of these transcripts myself for appeals, I'm very familiar with court reporters and all the ones I've worked with I think are wonderful and do a good job and I'm not trying to take anything away from the job that they're doing. They are human. I've had instances where the court reporters couldn't produce the transcript because their equipment or themselves lost or were



unable to be provided to me, despite the fact that I would have paid \$5 or whatever the fee was that they charged me. But I'm unaware of any instance when you would have need of a court reporter when a superior court judge wasn't on the bench. So my point that I'm trying to point out to this committee, as well as to the AOC and why we need to continue to investigate this and decide how best for the state to handle it is. My understanding we're paying on average \$53,000 a year in salary, plus \$20-some-odd-thousand in benefits and costs for what apparently would be an average of less than 10 hours a week in court time. And on top of that, they're working hard, they're transcribing transcripts for me as a private party and other lawyers, they're transcribing it for AOC, a paid IDS or public defenders appellate office or others, and they're being paid a fee on top of that to transcribe those transcripts, whatever needs to be done. And so I think it's important for us to realize that if someone has no more than 8 to 10 hours a week on average in court transcribing what's being said in court, and the rest of the time they're getting paid extra to produce the transcript copies for the various parties that are requesting them, that's something we need to look at when we're looking at a budget that is pressed and strained all over. And what we can do going into the future to make sure that we are producing the transcripts accurately where it's needed, whether it's termination of parental rights or whether it's a criminal defense trial. And we're also trying our best to save the state money as we go forward. We can see what this costs in terms of salaries and benefits and we can see what this costs in terms of paying for actual transcripts. So, you know, I've never been able to negotiate as a private party with a court reporter who produced the transcript. I mean, they write the transcript and I've got to pay whatever they tell me the fee is it costs per page. I'm not one for putting caps on private negotiations, but I didn't really realize I had the freedom to negotiate. Maybe I'll try that next time and see how it works for me. I doubt it will work too well. Thank you Mr. Chairman.

Chairman Goolsby asked Ms. Spearman to respond and said Sen. Bryant would be next to continue the committee discussion:

Ms. Spearman: We are very much aware of issues that we need to address, and part of recommendation number four we said we would do a comprehensive review of the current compensation structure. The thing about North Carolina is there are some small counties, yes, where the judge may not be in court every single day. But there are some counties like Wake, Mecklenburg, Guilford, where the court reporters and the judge are in court every single day of the week. So the difficulty for us is looking at the model that is North Carolina and realizing that we have Tyrell County and we have Mecklenburg County. So we are very much aware of these



issues, we intend to address them, and we hope that we have the support of the General Assembly in doing so.

Sen. Bryant: I just wanted to make a comment in support of the statement Rep. Hurley made and that is the concern about getting rid of court reporters and then making the clerk do extra work. When everything I hear from my clerk is how many FTE they're losing and how hard they're barely holding to make things go with what they have. And I just worry about that and my concern is how that can contribute to the reliability of the transcript, preserving the record process. There are also other records we rely on the clerk to do that have to do with people's constitutional rights and perhaps even their immediate freedom, etc. So I just want to urge a caution and express a concern about that. The second thing was about transportation. Do the clerks provide their own transportation; are they using the state's motor vehicle fleet?

Ms. Spearman: No.

Sen. Bryant: Or does it depend?

Ms. Spearman: I'm not sure about the rovers. Do they have state vehicles?

Chairman Goolsby: Can someone answer that? Mr. Stahl, would you like to answer that for the record? Push the button and state your name.

Mr. Jester: I'm David Jester, I'm the court reporting manager. I have two rovers who do have state cars, but the great majority drive their own cars.

Chairman Goolsby recognized Rep. McNeill to continue the committee discussion:

Rep. McNeill: This may be a question you can't answer but maybe staff can get it for me. We've talked a lot about the fact that court reporters supply their own equipment. I for one would like to know what kind of equipment they supply, how much that costs, how often they have to replace it, what's the maintenance cost on it, I'd like to know how much skin they've got in the game I guess you'd say. And then also, I'd like to know, you're talking about switching over some of the courts to digital recording and maybe some of our digital recording equipment is not up to par or current standards. I'd like to know what it would cost to move some of those courtrooms to digital recording.

Chairman Goolsby: And I believe, was there money, did the money stay in the budget that was originally allocated for the digital recordings?



Mr. Childs: No sir it did not.

Chairman Goolsby: It did not. Ok, that is something in our continued push for courtroom technology. There was initially money in the budget for that. In addition to talking about our clerks, who are a group that I deal with on a daily basis, next to that would be our court reporters and of course our bailiffs. But we tried to put money in the budget this last year, because you know in court I will tell you all, I was in court this morning, I'm in court pretty much every day that I'm not here except for Saturday and Sunday. And we still do everything that we did in the 1950s in court when it comes to paperwork. Except we have an overlay now of adding it all into the computers too. So everything we still write down, we still transfer it over, and then we still we know put it in the computer. And it looks, most of the time, like a computer from the 1970s. A big green screen with that kind of technology running the whole thing. And I pushed hard this last time, but again with tight budgets we were not able to put the money back. Sen. Newton also and this committee, so many of you members, we wanted to have a trial program in a smaller form to actually use technology and see what we can do about taking our court system into the new millennium. And it needs to be taken into that. We've got to do something. What we do now in court is just crazy. It is so repetitive, it is so time consuming, and our clerks literally do everything they did in the '50s and now they put it all on an antiquated computer system. I mean it's just ridiculous and foolish. And until we expend a little bit of money to figure out how to do what in many cases the federal government has done right now. You can look at the PACER system, Public Access to Court Electronic Records, everything you file from your office. You literally put it in a PDF file, you file it with a federal clerk, it goes out to everybody. There's no mailings, there's no muss there's no fuss, and we need to start thinking about all those kinds of things. I would urge you, I will not be with you, my last session is the short session, but I really urge you all to please as we move forward in this state, I beg you as a practicing attorney, we've got to do something. It's crazy, we have technology that would save so much time and energy. Whether it's digital recording to help our clerks out with their workloads and technology for putting all of our court records electronically so they're available. I'm excited about, what we're going to have next is we've finally gotten around to credit card processing. I know we're talking about our court reporters now so I will cease and desist at this point. Did you have anything else Rep. McNeill?

Rep. McNeill: That's fine, if they could just get that information for me. I know you don't have it off the top of your head.



Chairman Goolsby: Well, the best person to address that would be the gentleman that just stood up. Could you identify yourself again sir?

Mr. Jester: Again I'm David Jester, I'm the court reporting manager.

Chairman Goolsby: David, if you could for us, and we'll make sure our staff follows up with you, Rep. McNeill wanted to know the amount of investment, which I understand is several thousand dollars from our local court reporters, into the equipment they have to purchase. What their costs are with that equipment and the upkeep on a yearly basis, and what else Rep. McNeill?

Rep. McNeill: How often it has to be replaced. I'm sure it has to be replaced every two or three years.

Chairman Goolsby: That technology is always changing. If you could provide us with that to our staff and we'll make sure to have it brought forward in the next meeting.

Mr. Jester: Court reporting systems are like any other technology, there's a range of prices you can choose from. Since they provide their own they get to pick. Starting price is usually about \$10,000 and it goes up from there. Most of us pay annual maintenance fees, which saves on some upgrade costs. That's about \$1,000 a year. And with the annual maintenance fee, I've been able to only have to upgrade about every five years. I can't speak for every court reporter but I would say that's a pretty solid average.

Rep. Stevens: Thank you, I think mine are more in comment, trying to perhaps bring together some of what we're all talking about. The court system is full of people and people with problems who need to be heard. And some of them clearly more serious than others. I'm all in favor of us getting our paperwork, getting it digital, getting it in there. Court reporters, when they're required to attend superior court, they're required to be there until the judge releases them. Even if the judge is in the back talking with people or whatever he's doing. But I do understand the court reporters have to be there. Sometimes they can be working on other things and sometimes they cannot. Before we move to completely digital systems though, we need to truly look at what's been happening with the ones we do digitally record compared to other states as well. At this point in a civil district case where you have a digital recording, you have a remedy. If it cannot be transcribed you get a whole new trial. You start from scratch if you've got an appeal and you can't get a record because the digital recording is not there. In juvenile cases, you're going to have people testifying where half the time these are little children. You



may not be able to pick up their voices. That's something that is pretty important, it takes a long time and we don't want to retry. Then the same thing in superior court. If you spend a week or two weeks or three weeks trying a major murder case or a major criminal matter, you don't want to use digital recording and have to go back and retry that entire thing again and put a whole new jury in place. So it's something we need to proceed closely on. The one thing that came out to me in here and I'm looking at is also in the foster care situation, appeals and things like that, do we have a procedure for indigent defense to say this is not appeal worthy. And that may save some transcript costs. Do we have the ability to say we don't find any reason to make this appeal? I think that's important to perhaps cut back on some of these transcripts.

Rep. Jordan: Thank you Mr. Chair. I'm a transactional attorney and the courtroom experience I have is with juvenile cases, as Rep. Stevens just mentioned that's the digital system. So I'm not particularly familiar with the court reporting situation but from what I'm hearing today it sounds like we have a sort of odd hybrid situation, with a full time employee and a contract employee. They're providing their own equipment and in many cases their own transportation, and they're at the same time getting paid a per-piece rate as well as the salary. Where did that model of a salary and a piece rate at the same time come from? Could anybody answer that?

Ms. Spearman: I think that's in line with the nationwide model. That's not uncommon in other states.

Chairman Goolsby: Mr. Jester can you confirm that for us? Is that what you've seen in other states?

Mr. Jester: Yes, a hundred years of court reporting has determined that's the best way to only pay for what you get. Not just nationwide, worldwide that's the way it's done.

Rep. Jordan: I think Mr. Jester is getting more towards my question, which is I'm trying to understand why that system is in place. And I heard that, I thought it might be because you have to do transcript work outside of the full time position. But it sounds like you can do contract work while you're on salary. So I still don't quite understand why that's the case. Why are they on salary? Why don't we move to all contracting if that's the way it's going to work? What is the salary there for? Is that for the time in the court, and then when they prepare the transcript that's why there's an extra piece rate, because it's additional work? Ms. Spearman, is that?



Ms. Spearman: Rep. Jordan, all I can say is that that is the traditional model and that we are committed to looking at that and determining what is the best rate of compensation for North Carolina court reporters. Like I said that is the traditional model.

Rep. Jordan: My next question is, we've heard some concerns about private fees, and I'm sitting here wondering why we were concerned at all about that, because private attorneys want to coordinate that and negotiate that that's fine. Is there a concern because the work that's being done is in the court system? So it's almost like a work product issue of the court reporter? So they have a monopoly on that information? Or why isn't that contract rate discussed before the trial and before the transcription begins, so that different court reporters can be brought in to give bids or whatever on the per page rate?

Ms. Spearman: I may be speaking out of turn, but I believe the concern is that when you need a transcript, you need a transcript. And if the court reporter has the transcript, your negotiating power is not as great as it would be if you could get a transcript from any of 50 different people.

Chairman Goolsby: I do think part of the issue with our court reporters and having full time folks, I believe was originally started, Rep. Jordan, as I understand it from having talked to my local court reporters, is you know we do have a lot of down time in court. And to have people there that are contracted that expect, like court reporters who come to our offices when we're doing depositions, they know they're going to be there for a deposition. They're going to get paid for the deposition time and they're going to get paid for a transcript. As opposed to having independent private contractors hanging around the court house, hoping that the judge gets finished with the attorneys in back and the trial starts or it's settled. I think that's the \$64,000 question that is the tug on everybody. Because the constitution mandates we have records in our criminal cases. And we want them the same in civil cases. That's what I think, I think that's part of the issue that we deal with.

Rep. Faircloth: Thank you Mr. Chairman. Something you said implies that the ownership of that recording belongs to the person who took the recording. Who actually owns that work product?

Ms. Spearman: I believe we actually own the work product. I just want to clarify one thing. Rep Boles I know you seem to have a lot of concern about the court reporter median salary that we mentioned, the \$53,000. Again I do want to point out that our folks have 22 years of experience in court reporting. So they're not green, they're experienced court reporters and they're paid accordingly.



Rep. Boles: And I understand that's the mean. There's lower and there's higher.

Ms. Spearman: Thank you.

Chairman Goolsby: Thank you. And I mean for the most part too, court reporters in the legal world are well paid individuals. Highly skilled, well paid, that's the kind of people we want in our court system. Thank you, nothing further we appreciate your assistance very much.

Rep. Stevens: Mr. Chairman, I just wanted to share with you that study I was talking about, the white paper on court reporting.

Chairman Goolsby: Thank you Rep. Stevens.

Chairman Goolsby recognized Ms. Spearman to present on credit card payments to AOC and said this was an issue he and Sen. Newton worked on for quite a while to see it happen. (See Attachment 6 for a copy of this presentation).

Chairman Goolsby interrupted the presentation for committee discussion:

Chairman Goolsby: Can I stop you right there? I have a question regarding that. I, in my law firm, I think I've gotten my bank rate down to about 1.2% or 1.3%. I'm just trying to figure out, does all that money, please don't tell me all that money does not go to the credit card processor, plus what's the dollar fee for? For the millions of dollars from the state that will go through this system, why in the world are we paying that high a fee plus an extra dollar just to use a credit card?

Ms. Spearman: The 2.25% is what the credit card company charges for the transaction. The \$1 is what we pay to our third party vendor, who actually handles the credit card information which we do not. The customer pays. This does not come out of the total fees due the state.

Chairman Goolsby: So this is what we negotiated? A rate of 2.25% plus an extra dollar to the vendor, all to be paid by the person who wants to use the credit card so we can get a payment into the state? Ok, I just wanted to verify that.

Ms. Spearman: Yes Mr. Chair. If I may, we had a very short time to implement this pilot. Had we had more time we may have been able to put this out to bid.



Chairman Goolsby: I do have a question. Do we go through state contracting and use the rate that the state gets? Or did you all contract independently with this credit card processing agency?

Ms. Spearman: Well, this is the same company that we use for Pay NC Ticket.

Chairman Goolsby: That's not my question. Did we go through the state, or did you guys do this on your own? State contract and purchasing?

Ms. Spearman: I have some technology folks, I don't know the answer to that.

Chairman Goolsby: Ok, could somebody stand up and answer that question from AOC? Nobody?

Ms. Spearman: I'll get that from staff.

Chairman Goolsby: Thank you. Judge Smith. Good to have you with us as always.

Judge John W. Smith: Based on the timeline, we used the credit card system that was in place, rather than put it out for bid. It was not put out for bid under the state contract because we felt the time was of the essence. If we put it out for bid, it was our opinion and judgment we could not comply with the statutory timeline. We will have this fully implemented within your timeline. There's nothing that requires us to stay with this company. So down the road, once it's in place, we'll take a look and see what better deal can be obtained. But I felt like, based on what I heard, that we needed to meet the timeline.

Chairman Goolsby: We do appreciate you meeting our timeline.

Judge Smith: It's the only way to do that and the customers appear to be glad to pay it.

Chairman Goolsby: They do and thank you judge, we appreciate AOC's efforts to meet the General Assembly requirements. Please continue.

Ms. Spearman continued her presentation. Chairman Goolsby recognized Rep. Jordan to ask a question:

Rep. Jordan: Why can't child support payments be made like that, they're usually less than \$1,000?



Ms. Spearman: Our thinking was that we didn't want to accept payments for anything that we have to remit to a third party. Because in case there's a chargeback, we don't want to have to go to one person and then to another person and try to get money back from that person, who is pretty innocent in the process.

Ms. Spearman continued her presentation. Chairman Goolsby asked a question:

Chairman Goolsby: Can you help me out please with the pilot implementation costs? Because I'm thinking that we're paying the third party vendor, is that who, did they provide a portal? A machine? Is that what you're talking about?

Ms. Spearman: May I defer to our technology staff?

Chairman Goolsby: Sure. Please identify yourself.

Anthony Whitmore: Anthony Whitmore with AOC. What was the question?

Chairman Goolsby: The question was, where does the \$313,000 come from? The pilot implementation costs?

Mr. Whitmore: I think that comes from the infrastructure purchase of the credit card swipes themselves. These types of devices, well most of it is personnel costs. Training. Travel out to the counties. The personnel costs to actually implement to 100 counties.

Chairman Goolsby: But now this is just for the pilot, which was six counties, correct? Yes, that's correct.

Mr. Whitmore: That's correct.

Chairman Goolsby: \$313,000, you think was primarily personnel costs?

Ms. Spearman: There was also, we did consult with a private company regarding security. And I'm not sure of the exact cost of that consulting fee but that was part of the pilot costs.

Mr. Whitmore: We can get you a breakdown.

Chairman Goolsby: That would be great, can we get that for the next meeting? Can staff make sure we have that? Thank you. And then you're expecting another \$835,000 to implement it in the remaining counties. And then the equipment, I'm trying to figure out what the third party vendor cost is, with the dollar per transaction. Is that simply their rental of the machines to us?



Ms. Spearman: No, if I could explain it. Imagine we have one of the swipe devices on a computer. So what we do is, we would print out the actual court receipt. And then we would ask the person if they want to pay with a credit card. And if they say yes, then what we do is go to the third party vendor site and then the credit card information is given to that third party site. We don't capture the credit card information. So the \$1 for the credit card vendor is for handling that process, for handling the financial data. Because part of the security that we have to pay for is that if we have a third party vendor we don't have to comply with as many of the PCI standards as we ordinarily would if we were actually capturing that data.

Chairman Goolsby: Ok, thank you.

Ms. Spearman completed her presentation.

Chairman Goolsby: Does the full implementation include, because one of my points we discussed in committee when we were talking about credit cards is the ability, I would love to see people that I represent be told by the clerk when they walk over to the clerk's desk after going before the judge, here's your case file number, go home, go to AOC credit card, whatever is is, dot com, you can take your case file number, put that in, call up what you owe and pay it with a credit card online. Do we have online payments? Because part of my hope was, when I was down in my clerk's office and originally came up with this idea, I saw a kid who I could tell was a blue collar worker, who was standing in line on a Thursday afternoon waiting to pay his probation fees. And he was on probation for 24 months and he was in his 22nd month. And he had to get off work at about 3:00 pm, one Thursday a month, go to the bank and get cash, drive to the courthouse, park his car, walk into the courthouse, go down to the clerk's office, stand in line and pay. I was just thinking about how much incredible work that was and loss of pay and loss of productivity in our state for all these probationers to do that. Then after he left, I was next in line to pay one of my client's fees and I asked the clerks. How much of your time is spent from kids like this coming in to pay probation fees? Two clerks in New Hanover County, they said about 40% of our time is spent doing just this. And I thought well, our clerks are overworked. They could sure use some help. If we could take credit cards, that would free up 40% of their time of these two clerks just in that section. And that's one reason I think for that kid to be able to go online, put his credit card information in and pay his probation fees, and his court costs and everything else that are rolled in there, the same as the folks that I represent in traffic court. What I have to do right now, I'll be in traffic court tomorrow, I'll handle a lot of tickets for people. I'll call them up and I'll either have to get them to pay \$20 so they can have 30 days to pay their court costs and their fines, or, that's the installation fee that we currently



have under the state system, or they'll have to come to court that day before 5:00 pm and pay their fee. Or I have to go as an attorney and get a separate check from them, put it in my trust account, let it clear, and then pay it with a law firm check. And Leo (Rep. Daughtry), you know how much of a hassle that is for just the average person. So I'm hopeful that as we go along, please tell me, is there a plan for online payment that will be coming out in the near future?

Ms. Spearman: Thank you Mr. Chair. Again right now we do have Pay NC Ticket, which allows you to pay waive able offenses.

Chairman Goolsby: Right, which is the worst thing anybody can do and for anyone listening, never ever do that. If you do that you'll be guaranteed the maximum number of points that you can get on your insurance for three years. So don't ever do that. But when it comes to actually, unless you talk to an attorney and you know, call Leo. But I hope that we're going to expand this system so that folks who do go into court are going to be able to pay online, not just those who go in and plead guilty to a traffic offense. Please tell me we have a plan.

Ms. Spearman: I think we have a plan.

Chairman Goolsby: Do I see heads shaking back there? Judge Smith, do we have a plan?

Judge Smith: We of course have a plan. I would just say this is a complex issue. It is not simple. We have avoided a major expense by not having to comply with all of the credit card industry's security requirements by making this a third party vendor. This is not going through us technically. If we did an online service, it's very difficult to set it up that way. We do that now with Pay NC Ticket, it's set up to do it direct online. It is our plan to try to do that down the road, but it's not part of this pilot. We didn't want program creep to delay it. So we kept it fairly simple and straightforward. Once we get this up and running and it's in place, reliable, and we can assess the risks. Right now, the person who hands the card to the clerk is the person whose name is on the card. When you move to a different format, you introduce risks that have to be assessed. We have no appropriation to cover fraudulent charges or charge backs, so that would come straight out of somewhere. It's not appropriated. Those are all the kinds of issues that have to be discussed, but yes we have a plan. It's my goal to make it online.

Chairman Goolsby: And I'm wondering also, do we know how much greater our collections are in these pilot counties now based on the cross price elasticity of using credit card versus someone having to have the cash in hand.



Judge Smith: There is no evidence that collection rates are improving. There is a definite record to show that it is a preferable method of payment. We've already collected over \$1 million.

Chairman Goolsby: But that's not more than we were showing in the prior months around the same time period? It's not a higher pay rate?

Judge Smith: I haven't looked at the figures but my impression is the same people who would have paid before are paying now, it's just with a credit card.

Chairman Goolsby: Because I have found in my own law practice and I think other folks who have businesses that take credit cards, my clients are more than happy to pay immediately instead of waiting because I have taken credit cards. I would ask staff if we could follow-up on that if we get more data in. And see if indeed the figures start showing a better income of money to AOC. Which I hope would be significant enough Judge Smith to be able to obviate your fears of fraudulent chargebacks so they can be getting more money in. And if you did have some fraud when there were chargebacks, AOC is much much better off taking the credit cards even with the fear of an occasional chargeback, so that it doesn't negatively impact the budget.

Judge Smith: I agree with everything you say. I just want to make it clear that everything we collect goes to the general fund, not to AOC.

Chairman Goolsby: I understand, and we sure don't want to have those chargebacks. And I don't know how they would affect, if that would simply go to the general fund and affect your budget. We'll be cognizant of those concerns as we move forward. Thank you, we'll go ahead and recognize Sen. Daniel.

Sen. Daniel: Thank you Mr. Chairman. Sen. Newton may have a follow-up if I don't touch all the points on this. But I wanted to go back to slide 9 for a second, under the section about costs implementation. And I guess specifically with regard to the expansion of the remaining 94 counties and that seems like a significant cost, \$835,000. I guess I'm wondering, if I'm a credit card company competing for this business, why wouldn't I sort of be anxious to provide equipment to counties, provide training to counties, so that the state wouldn't have to spend \$1 million to expand this. Why are we not trying to get some competition involved and having a vendor cover the cost? And secondly I think I heard the judge directly say a minute ago that we're not increasing any collection rates with this. So can we justify expanding it to 94 counties if we're not going to improve our collection rates? Is there some other benefit that we're not



considering, is the credit card system going to save us enough clerk time to justify expanding it? I guess I just wanted some input on that.

Ms. Spearman: The answer to the first part of the question is again we had a very limited time in which to implement this pilot, so we went with the vendor we were already using for Pay NC Ticket. So obviously down the line, as Judge Smith said, we'll be able to look at can we get a better deal for the citizens of North Carolina. We may not be able to but certainly we would like to look at that. The second part of the question is, we just don't have enough information right now to ascertain whether there are any savings on this. Because we only have potentially two months' worth of data. But perhaps down the road maybe we'll be able to look at it when we have a years' worth of data.

Chairman Goolsby: Thank you. I've seen several people in court when they were told, they were asking for time to pay and being threatened by the judge to be put on probation until they were told they could pay by credit card, then they were very happy to pay that day. Sen. Newton did you have a question? You're good. Anyone else? Yes, Rep. McNeill.

Rep. McNeill: I just have a question, I'm trying to get my head around a third party vendor. Is that like PayPal? Is that how that works?

Ms. Spearman: Essentially. Essentially.

Chairman Goolsby: Thank you, and one last question from the Chair. Those costs, those implementation costs, are those one-time or are those annual costs for implementation.

Ms. Spearman: I believe they would be one-time costs. But I'm not sure if some of the software we're using, there may be some ongoing costs.

Chairman Goolsby thanked Ms. Spearman and said the last presentation on Special Assistant United States Attorneys would come from Jim O'Neill, Forsyth County District Attorney. (See Attachment 7 for a copy of this presentation).

Chairman Goolsby thanked Mr. O'Neill for his presentation and recognized Rep. Stevens to begin committee discussion.

Rep. Stevens: This is not so much a question as it is a comment into why we're hearing about SAUSAs today. As Mr. O'Neill said, the Governor's Crime Commission is intended to be more of an incubator to try innovative new things. Then the groups are expected to go out and get



their own funding from somewhere. The problem is that SAUSAs have no ability to raise funds, and we're hoping the state will consider adding these into the budget.

Chairman Goolsby: Can somebody explain to me exactly what the cost is? I mean, you're using resources the state is already paying for, which is your, we have them in our county. Ben David, I think Ben has two I believe. What is the crime commission funding? Are they literally paying for the people in your office and that isn't on your budget now?

Mr. O'Neill: Well, essentially what they're doing is they're paying for the salaries, benefits and a computer I believe is the total.

Chairman Goolsby: So in your office Jim, you went out and hired an additional person under that grant?

Mr. O'Neill: Well, what we did was, when we were given the \$82,000 initially, you know it's difficult to go find a lawyer down the street who's going to close down their practice to come in and take a job for \$82,000. Someone who is experienced enough to get up and running in federal court. So what we did was, we took that money, that \$82,000, we hired somebody at the district court level, in other words somebody right out of law school, and I took one of my more experienced prosecutors and slid him across the street. So he was able to hit the ground running, there wasn't much of a learning curve. A typical prosecutor right now, when we get a new person in our office, makes somewhere around \$30,000 to \$35,000. But the cost of funding that prosecutor is somewhere about \$75,000 or \$80,000. So we're right in the ballpark.

Rep. McNeill: Thank you, it sounds like a wonderful program. Do you have some kind of data you could provide us on exactly how many cases y'all have handled through this program?

Mr. O'Neill: Yes, we can provide you Rep. McNeill with not only how many cases are reviewed, because that's a process too, to actually review the case and determine whether or not a defendant can be taken across to federal court for prosecution. Because there's a federal case that came out, I know Sen. Goolsby is well aware of this, the *Simmons* case, which explained what a felon is according to definition in federal court. So they have to, again it's not the first person that walks out on the street and commits a crime. This person has to have accumulated a record over a period of time, a felony record, so that we can target the worst of the worst. We can provide you with numbers of cases reviewed, cases prosecuted, cases tried, cases taken pleas on. We can get you those numbers, yes sir.



Sen. Bryant: I might have missed something, I was doing a little multitasking over here. Could you explain why, what your reasoning is for needing colocation with a federal courthouse itself?

Mr. O'Neill: Yes ma'am, I was just throwing that out as a suggestion. If this committee were to decide that perhaps a pilot program would be a great way to get started, just for proximity purposes. I know that most of the DAs around the state that have the benefit of the SAUSAs did the same thing I did. Which was take an experienced prosecutor and slide them across the street. It's really the proximity in federal court and state court which has made it extremely easy for the two offices to get together. And as I was explaining to Rep. McNeill, a person who goes out and commits their first crime, it's very unlikely they qualify for federal prosecution, depending on their age as well. So they had to have accumulated a record over a period of time. Then you have to determine whether or not the case is viable in federal court in terms of evidentiary issues. So we get together in Forsyth County twice a month to discuss which cases should be adopted in federal court.

Sen. Bryant: So, does that mean, I'm interested, my district is Nash, Edgecombe, Wilson, and is it not feasible if you aren't in that proximity?

Mr. O'Neill: No, I don't mean to suggest that at all. It's absolutely feasible, I was just trying to make a suggestion to try and secure the funding.

Sen. Bryant: Thank you, but your suggestion is leaving out our small towns.

Rep. Stevens: I was just going to tell Sen. Bryant that there is one in Edgecombe, Nash and Wilson. And it may be that we could get one on up in the more rural areas where they're having a lot of criminal problems. I'm just on the Governor's Crime Commission which is how I found out about all of this, and we covered a lot of this information.

Rep. McNeill: My question is, you said you took an experienced prosecutor and slid him across the street, are you meaning that the federal government pays for the office space, the phones and all associated equipment and everything cost?

Mr. O'Neill: Well, in our situation we have an office in there that had readily available offices available, and phone lines available and those sorts of things. So I can only speak in terms of my own particular situation. We provided him with books, a computer, and a legal assistant as well. That came out of our pocket, but it just depends on each individual situation what the federal government has available. But I can also tell you Rep. McNeill, that in speaking with U.S.



Attorneys around the state, that they love this program. That they would love to see it continue operating, and I feel confident they would try and do everything they could to accommodate the state.

Sen. Newton: Thank you Mr. Chairman and thank you Mr. O'Neill for being here today. I didn't know a lot about this program before your presentation. And I can certainly see why the state would be interested in looking at this, but I wasn't sure I gathered from your presentation, what do the Feds get out of it? Why are they? I mean, we're talking about apparently shifting a lot on the federal system, is it forfeitures? What is it that they get out of this?

Mr. O'Neill: What they get out of it is, they're sort of like the district attorney offices around the state. You know everybody could use more personnel. So when they're focusing more on Hobbs Act violations and greater conspiracies and drug trafficking cases, they don't necessarily have the ability and the resources to say well, we had a jewelry store that two people were shot in in a serious armed robbery, and in state court they were looking at 10-15 years, and over across the street they're 25 to life. That's really a more appropriate sentence for someone that would commit that violent a crime against one of our hard working business owners. So they see that when you take out the bad people as well, the whole crime rate seems to go down and they don't have as many. Their caseload will go down as well eventually because you're taking out the drug co-conspirators and the people committing these violent crimes.

Chairman Goolsby thanked Mr. O'Neill for his presentation and said the committee had reached the end of their presentations. He recognized Sen. Bryant for committee discussion:

Sen. Bryant: I'd like to have the first hour. One is, back in December there were some question about the funding of ALE, the ABC, the law enforcement by ABC boards and local police and how that dovetails with ALE and who is really doing what and how much money do we really have for alcohol law enforcement. I wonder, I know there were some things staff was doing, will we still follow-up on that? And also Commissioner Gardener is here, so I want to look out for all my constituents. He may want to make some remarks.

Chairman Goolsby: Sure, and I believe staff has tried to start gathering up those numbers and that we have not gotten a great response from our sheriffs across the state. Is that right? I'll recognize Kristine.

Ms. Leggett: Thank you Mr. Chair. The Sheriffs' Association was kind enough to survey the sheriffs, and I believe last I talked to them last week they had gotten 40 responses. So there are



60 still outstanding. And the chiefs of police sent out a survey for me as well and I got 20 responses back from them. So, we're not getting the best response from the local law enforcement entities. We're going to try to contact some of them directly and see. But based on what we have got back so far it looks like most law enforcement agencies are relying on ALE to do the alcohol law enforcement. They do not have dedicated officers. There are exceptions to that, Jacksonville is a big exception to that because they have so many bars, for the Marines I guess. So they feel like they need more enforcement so they do have dedicated officers assigned for that, but it is not paid for by the ABC Board.

Rep. Speciale: I just don't think it's just the Marines.

Sen. Bryant: I had one other item, and I'd like Commissioner Gardner to be recognized if he'd like to say anything.

Chairman Goolsby: I am always glad to hear from my good friend Jim Gardner if he is in the room and would like to say anything. Governor, always a pleasure, please.

Commissioner Gardener: First of all, I feel like I spent a day in court today. Now I know why I didn't go to law school. I would like to comment on it. I've been spending a lot of time concerning enforcement of the ABC laws in the state. When I was here back in December we talked about it. I think I expressed to you at that time that I was very much concerned about the quality of enforcement we've had. In looking at it, I think maybe the blame starts with ABC Commission. In the past we just simply have not been clear in what our goals were as far as enforcement of ABC laws in the state. We have a number of different agencies starting with ALE, with our local ABCs, with the sheriff's departments and local PDs. The bottom line is we spend about \$15 million a year in enforcement of ABC laws in the state. If you would ask me to grade that, I would give it a D minus. An example will be the sheriff's departments. And I have great respect for the sheriff's departments all over the state. This is not a priority with them. And yet this past year, in 2013, we spent \$2 million in contracts with sheriff's departments throughout the state to administer the ABC laws. We're concerned about not a child who is 21 getting a ticket, we are concerned about where did you get the alcohol from. The source. We work very closely with ALE, we're working with the local ABC operations, there are 14 of them in the state who have their own enforcement. To not concentrate on passing out tickets to teenagers, but to concentrate on who had an ABC permit and sold that child under 21 some form of alcohol? In 2013, spending \$2 million with the sheriff's departments, we had reported to the ABC commission for us to act upon, 4 violations. \$2 million in contracts with the sheriff's



departments, we had 4 violations. We spent an additional million dollars contracting with local police departments. We had 41 cases reported to the ABC Commission. The reason I mention that to you today is because of this. If you understand my concern about underage drinking and the problems that we have in our state, there's one agency in the state that carries a big stick. That's ABC Commission. You cannot obtain alcohol in the state of North Carolina without getting it from a permitted establishment. Either our ABC stores, restaurants, bars, private clubs etc. We issue those permits at ABC Commission. There are 60,000 of them right now outstanding in the state of North Carolina. We also have the responsibility if people who have the permits do not abide by the law, that permit can be revoked. And what we're concentrating on this year, and I'm working very closely with ALE and with our local ABC board to revise everything that we've been doing in the past and start concentrating on the source of where the alcohol products are coming from. We think by doing that we can make substantial reductions in underage drinking in the state. But I did want to point out, and it's certainly no reflection on the sheriff's departments, I've talked with sheriffs. They have a full plate. They have a lot going on. Alcohol is not a priority. We want to change that. We're going to be meeting with our ALE representatives, with our local ABC boards, sheriff's departments and local PDs who have contracts right now. To see if we can't start approaching it as going after the source of where the alcohol comes from. So are we satisfied right now? Absolutely not, we're not doing a good job. Are we planning to change it? Absolutely. And I think if I came here probably in six months, we'll have much better news to talk to you about it. We're concerned about the problem, we're aware about the problem and we're going to make some changes.

Chairman Goolsby: Thank you governor. Do any of the committee members have any questions while we have Governor Gardner here? Thank you so much. Any more committee discussion? One more item? Yes ma'am.

Sen. Bryant: I was just interested in, can we get an update on, I've gotten some constituent concerns about juvenile justice and sort of continuing dismantling of their functions and spreading them out? I just wanted some reassurance that somebody's got their eye on the ball in terms of juvenile justice and prevention and we know what the impact of all these changes are. Can we get an update on that before we wind up?

Chairman Goolsby: Yes, Ms. Fox, can you help us on that?

Ms. Fox: What kind of update would you like?



Sen. Bryant: I can talk to you about it in more detail, and I have already been sending to communications to staff, I can surely come up and talk to you about it. I don't want to hold up the committee members if they're ready to leave.

Ms. Fox: Yes senator, we are working on getting new organizational charts for you that are down to the much more detailed level that you requested. So that's on its way, and I'd be happy to talk to you about your other concerns.

Chairman Goolsby: And if you would Ms. Fox, if you could forward those on to the committee once you get them from Sen. Bryant.

Chairman Goolsby took a motion from Sen. Newton, seconded by Sen. Bryant, to adjourn the committee.

There being no further business, the meeting adjourned at 3:23 p.m.

Sen. Thom Goolsby

Presiding

Joseph Kyzer, Committee Clerk